

106TH CONGRESS
1ST SESSION

H. R. 572

To remove any doubt that split-dollar insurance arrangements are an unwarranted tax avoidance scheme and are prohibited under current law.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 1999

Mr. KLECZKA introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To remove any doubt that split-dollar insurance arrangements are an unwarranted tax avoidance scheme and are prohibited under current law.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Charitable Integrity
5 Restoration Act”.

6 **SEC. 2. CLARIFICATION OF PROHIBITION OF CHARITABLE**
7 **SPLIT-DOLLAR INSURANCE AND OTHER PER-**
8 **SONAL BENEFIT ARRANGEMENTS.**

9 (a) IN GENERAL.—Nothing in the Internal Revenue
10 Code of 1986 or in any other provision of law shall be

1 construed to permit any deduction under section 170,
2 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522
3 of such Code for any transfer of money or property di-
4 rectly or indirectly to a charitable organization if there is
5 a reasonable expectation that as a consequence of such
6 transfer the organization will directly or indirectly—

7 (1) purchase a life insurance, endowment, or
8 annuity contract benefiting the donor or any des-
9 ignee of the donor, or

10 (2) engage in any other transaction which pro-
11 vides a personal benefit directly or indirectly to the
12 donor or any designee of the donor.

13 (b) IMPACT ON EXEMPT STATUS.—Any purchase, or
14 the engaging in any transaction, which results under sub-
15 section (a) in the disallowance of a deduction shall be
16 treated for purposes of section 501 of the Internal Reve-
17 nue Code of 1986 as an expenditure which inures to the
18 benefit of a private individual.

19 (c) EFFECTIVE DATES.—

20 (1) CONTRIBUTIONS.—Subsection (a) shall
21 apply to all contributions, whether made before, on,
22 or after the date of the enactment of this Act.

1 (2) PAYMENTS, ETC.—Subsection (b) shall
2 apply to payments made, and other transactions en-
3 gaged in, after February 4, 1999.

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